

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Bates Analyst: Darrine Distefano Bill Number: AB 665

Related Bills: See Prior Analysis Telephone: 845-6458 Amended Date: 05-16-2001

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Child Adoption Credit/FTB Report To Legislature Annually

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended .

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

☒ AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced February 22, 2001.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 22, 2001 STILL APPLIES.

☒ OTHER - See comments below.

SUMMARY

This bill would allow a credit for adoption expenses not covered by the current state Child Adoption Credit.

SUMMARY OF AMENDMENTS

The May 16, 2001, amendments added several co-authors, made technical changes, and added a carryover period limitation.

The May 16th amendments resolved the carryover period limitation and technical concerns identified in the department's analyses of the bill as introduced February 22, 2001. The remaining unresolved implementation concerns are repeated below.

The remainder of the department's analysis of the bill, as introduced February 22, 2001, still applies.

POSITION

Pending.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Legislative Director

Date

Brian Putler

06/12/01

IMPLEMENTATION CONCERNS

The language could be interpreted to allow expenses that exceed the limit under the existing Child Adoption Credit to qualify. However, according to the author's office, it is the author's intent to cover only private and foreign adoptions. The language needs clarification to ensure that the intent is met.

The bill has intent language specifying that the credit should be available as long as the federal credit is allowed. This language is inconsistent with the January 1, 2007, sunset date provided in the bill in two ways. First, the federal credit as it applies to regular adoptions ends in 2001, but the state credit proposed by this bill would continue until it sunsets on January 1, 2007. Second, the federal credit for special needs adoptions continues indefinitely but the state credit proposed by this bill would end when it sunsets on January 1, 2007.

The bill requires the department to report annually on the prior year's credit use. Since the due date for personal income tax returns is April 15, with an automatic extension to October 15, the department would not have complete information for the preceding taxable year and could provide only a preliminary report in the succeeding year. If the author's intent is to have each report contain complete information for the taxable year, the author may consider changing the due date of the reporting requirement so that the department is able to provide an annual report with the most current information available.

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